

Chapter 1 Concepts

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OVERVIEW**Contract Header
Table**

The purposes of the contract header table are:

- To provide a reference point for processing of contract awards within AGPS
- To provide the user with the capability to add and maintain contract header table records
- To provide the user with the capability to enter and maintain contract performance bond information
- To provide a parent record for processing of related contract commodity lines
- To provide a reference point for inquiry of contract award data, i.e., awarded vendor, award amount, solicitation/award codes, requisition number, etc.
- To provide a reference point for processing of contract release orders, i.e., begin ordering and end ordering dates, etc.

**Contract Line
Table**

The purposes of the contract line table are:

- To provide a reference point for processing of contract commodity lines within AGPS
- To provide the user with the capability to add and maintain contract line table records
- To provide the user with the capability to identify the contract lines available for ordering
- To provide the user with the capability to identify the agency or agencies authorized to order from that contract and contract line
- To provide a reference point for creation of commodity Awarded Contracts Table record(s) for viewing commodities on contract and related contract information
- To provide a reference point for inquiry of contract line data, i.e., commodity number, unit of measure, unit price, standard shipping unit, etc.

**Contract Line
Catalog Data
Table**

The purposes of the contract line catalog data table are:

- To provide a reference point for processing of consortium contract catalog line item commodities within AGPS
- To provide the user with the capability to maintain certain consortium contract catalog line data table records
- To provide the user with the capability to identify the consortium contract catalog lines available for ordering
- To provide the user with the capability to identify the agency or agencies authorized to order from that consortium contract and contract catalog line
- To provide a reference point for inquiry of consortium contract catalog item line data, i.e., commodity number, catalog item/indicator, unit of measure, consortium base unit price/discount, supplying vendor unit price/discount, etc.

NOTE: This screen and table is created by a batch upload file and may not be entered or created by the user. Only certain fields are maintainable by the user.

**Contract Commodity
Description
Changes**

The purposes of the contract commodity description changes table are:

- To provide a reference point for processing of contract commodity line description within AGPS
- To provide the user with the capability to retrieve and change contract line commodity descriptions from the CSPC Table without affecting the CSPC text record
- To provide a reference point for retrieval of contract commodity description changes for contract release order processing

**Contract Notes
Table**

The purpose of the contract notes table is:

- To provide the user with the capability to retrieve and change contract notes text relating to specific contracts

**Contract Notice Of
Award Table**

The purposes of the contract notice of award table are:

- To provide the user with the capability to retrieve and change contract notice of award text relating to specific contracts
- To provide a reference point for retrieval of contract notice of award text for notice of award processing

**Contract Vendor
Text Table**

The purposes of the contract vendor text table are:

- To provide the user with the capability to retrieve and change contract vendor text relating to specific contract lines
- To provide a reference point for retrieval of contract vendor text for contract print processing
- To provide a reference point for retrieval of contract vendor text for contract notice of award processing

**Contract Vendor
Distributor List
Table**

The purposes of the contract vendor distributor list table are:

- To provide a reference point for maintaining an authorized list of vendors for a contract award
- To provide the user with the capability to inquire a contract and see a list of vendors authorized to sell the commodity item on contract

Terminology

The following terms are used throughout this unit:

Base Discount off Catalog. Identifies a consortium base discount percent off a catalog item.

Base Unit Price. Identifies a consortium base unit price. The contract line will show a base discount or a base unit price but not both.

Begin Contract Date. This term is used to refer to a date used to indicate the effective date of a contract.

Begin Order Date. This term is used to refer to a date used to indicate the effective date that ordering will be permitted for that contract.

Brand Report Indicator. This term is used to refer to a code used to identify the method of printing a notice of award, i.e., by 1 = Brand/Vendor, 2 = Vendor/Brand, 0 = no index needed.

Calculated Amount. An automatic system calculation of the catalog price entered by the user, less any discount or plus any markup percentage of the catalog item.

Catalog item/indicator. A series of numbers used by the vendor to identify a specific catalog item. The indicator identifies different tier pricing for the catalog item.

Consortium. An association between a single vendor and multiple vendors for the purpose of supplying various goods and services to satisfy a single contract.

Contract Line. This term is used to refer the commodity line record of a contract.

Discount/Markup Percent. The discount is a percentage rate decrease from the catalog price and the markup is a percentage rate increase from the catalog price, e.g., the discount may show 20% decrease but the markup will show 120% for an increase.

Distributor Vendor. This term is used to refer to a vendor who is authorized by the prime vendor of the contract to sell the commodity item(s) on the contract.

End Contract Date. This term is used to refer to a date used to indicate the termination date of a contract.

End Order Date. This term is used to refer to a date used to indicate the termination date when ordering will be stopped for that contract.

Executive Agency. This term is used to refer a code used in the agency (AGCY) database to identify the parent agency of the requisitioning and/or paying agency.

Item Report Indicator. This term is used to refer to a code used to identify the method of printing a notice of award, i.e., by 1 = Vendor, 2 = Item, 3 = Both.

Method Of Operation. This term is used to refer to a code used to identify the type of contract release order action that may be processed against the subject contract, i.e., 1 = CRO, 2 = REL, 3 = Other. Method of Operation of 3 may include REL and/or CRO contract release orders based on the solicitation and award code combination used as established by local policy.

Notice Of Award. This term is used to refer to a document that is printed for distribution to the agency for notification of contract award, vendor(s) awarded and commodities available for ordering.

Option. This term is used to refer to optional or additional performance under a contract, e.g., additional year's performance for a multi-year contract. If price changes are required, the option is used on KON3 for affecting required price changes to the contract pricing.

Prime Vendor. This term is used to refer to a vendor who has been awarded a contract, and has authorized a list of distributor vendors on the contract.

Re-Procurement. This term is used to refer to a process whereby the contract is automatically re-procured within AGPS. The re-procurement process involves creating a requisition, requisition lines, solicitation and printing the draft solicitation for review for re-procuring the existing contract.

Re-Procurement Date. This term is used to refer to a date entered by the user whereby the contract is automatically re-procured within AGPS.

Re-Procurement Lead Time. This term is used to refer to a number of days entered by the user to indicate the number of days prior to expiration of the contract that re-procurement should be affected within AGPS.

Standard Shipping Unit (SSU). This term is used to identify the standard packaging for a unit of measure.

T-Number. This term is used to refer to a contract type or grouping number used to indicate the type of services/commodities on contract, i.e., janitorial services, medical supplies, etc. Additionally, this code is used for issuance of Notice of Award for a group of contracts awarded from the same solicitation, processing mass awards against contracts awarded from the same solicitation with the same T-Number, and other related processing as required by local policy.

Whim. This term is used to refer to an indicator that may be set by the user for processing of a whim approval for either the requisition or purchasing agency of the order header record.

Key Concepts

Overview	<p>A contract is another of the key fundamental components of the purchasing process. Contract processing is that part of AGPS where the Office of State Purchasing consummates a legally binding two party agreement with a vendor to deliver supplies or services. Contract processing is the culmination of the purchasing process started with requisition processing and continued with solicitation processing. Contract release orders issued against contracts identify the supplies or services purchased, when and where they are to be delivered, and the funds to be used for payment. In some cases the contract is developed in AGPS in the normal method and in some cases it is negotiated externally to AGPS (e.g. Third-party contracts) and later input into AGPS with the direct entry contract process. After the contract is in AGPS it must be maintained and often renewed. If contract renewal is not planned, and the contract is set up for reprourement, on the reprourement date AGPS will automatically start the reprourement process for a new contract.</p>
Direct Entry	<p>The direct entry contract process is predicated on the existence of a legally binding contract that was formed manually external to AGPS. The contract is input directly into the database with the development of the contract header and then the contract lines without a nightly cycle being required. After the buyer updates the ordering status, contract release orders can then be used to order the supplies or services.</p>
Contract Maintenance	<p>Occasionally it is necessary to add or cancel contract lines after contract award due to changes in the requirement or for some other reason. The vendor must agree and a contract change must be accomplished. The contract records in AGPS are then updated to reflect the change.</p>
Contract Renewal	<p>Contract renewal involves extending the contract expiration and the end order dates. In some cases, the pricing also has to be adjusted. Contract renewals can be either scheduled such as annual renewals in a multi-year contract or unscheduled as in the case of continued coverage being required because the new contract is not ready yet. The vendor must usually agree to the contract change which is then used to update the database in AGPS.</p>
Contract Reprourement	<p>This process is designed to minimize the workload required to replace an existing contract with a new contract. The process begins on the reprourement date, the date activity should start to have a new contract in place when the current contract expires. During the nightly cycle on the date identified as the reprourement date, using the old contract or the requisition as a basis, AGPS will automatically create a new requisition, create a new solicitation, join the requisition and solicitation, create a bid list and print a draft solicitation and bid list for the buyer to use. If the buyer agrees, the buyer changes the solicitation status code and the final bids are printed the next night.</p>

Contract**Components**

The contract is composed of three major components including header, line, and notice of award. Additionally, there are three minor components including commodity description changes, notes, and vendor text. The contract header contains status, performance bond and contract option data. Commodity information such as commodity number, quantity, unit of measure, and unit price/discount are in the contract line table. Each notice of award can be changed for specific contracts to accommodate special processing instructions such as those for ordering, shipping and delivery. The contract commodity description changes table permits changing the current commodity description without affecting the commodity database. Contract notes is an electronic note pad for recording free form notes. The vendor text table provides the capability to record and maintain text for a specific contract line. Vendor text typically is generated in the solicitation process.

Accounting**Distributions**

There are two types of accounting distribution that may be established by the contract release order issued against the contract: line-to-line and proportional. These two types serve distinct purposes based on how the users wish to pay for the items. The line-to-line distribution relates specific commodity lines to specific account codes. This can be on a one-to-one (commodity to account code) or many-to-one relationship. The proportional distribution allows all commodity lines to be paid for on a percentage basis out of one or more account codes. This can be a many-to-one or many-to-many relationship. Both line-to-line and proportional may not be used on the same order.

Contract**Approvals**

As a contract is created in AGPS, approvals are automatically created from predetermined approver tables. Additional (whim) approvals may be manually added by the requiring or purchasing agency. All approvals must be approved or cancelled for the contract to proceed to the next step in the award process.

Contract**Status**

The contract status code tells AGPS when to perform a task. After the task is performed, AGPS will indicate if the task was accomplished or not. The agency or buyer must set the status code in order for AGPS to process the contract to the next step in the contract life cycle. When status codes are changed, AGPS creates a history record for each of the status code changes to show the contract number, status code, USERID making the change and date and time the change was made.

Management

The contract process provides excellent management tools to determine the status and history of each contract. Contract maintenance, renewal, and reprocurement are efficiently accomplished under AGPS.

**Discussion of
Transactions****Contract Header
Table (KONT/
KON2/KON3)**

The contract header table maintenance screens provide the user with the capability to inquire and maintain all contract header related information for a contract. KONT provides the user the capability to maintain the title, status, ordering status, etc. KON3 provides the user with the capability to maintain contract option (e.g. contract extension with or without price changes) information and exercise contract price changes and options for multi-year contracts.

**Contract Line
Table (KLI2)**

The contract line table provides a process whereby the user may add and maintain all related contract commodity information. All related commodity information is entered or maintained with this screen, i.e., line number, status, commodity number, quantity, unit of measure, unit price, delivery agency/sub-agency, ordering status, etc.

**Contract Line
Catalog Data
(KLCT)**

The contract line table provides a process whereby the user may inquire and maintain some related consortium type contract catalog item commodity information. All related catalog item commodity information is displayed with this screen, i.e., line number, status, commodity number, supplying vendor, catalog item, quantity, unit of measure, unit price, base unit price, discount, base discount, delivery agency/sub-agency, ordering status, etc.

**Contract Commodity
Description**

Changes (KMOD) The contract commodity description changes table provides the user with the capability to retrieve the current commodity description and change it without affecting the original source of that commodity description. If the commodity description originated with an RMOD description change, the KMOD text record will be created upon contract award processing. If the commodity description resides in the commodity description table (CSPC), the user may retrieve this text and change it without affecting the CSPC description. Additionally, the user may copy text from another KMOD or RMOD record by use of specific copy fields on the KMOD screen. See the KMOD screen in Chapter 4.

Contract Notes**Table (KNTE)**

The contract notes table screen provides the user an on-line text record for recording and maintaining notes related to a specific contract. Information relating to contractor performance or administrative instructions may be entered and maintained with this screen.

Contract Notice Of**Award Table****(KNOA)**

The contract notice of award table screen provides the user with the capability to retrieve and change contract notice of award text relating to specific contracts. This text may be special processing instructions for ordering, shipping, delivery, etc.

Contract Vendor**Text Table****(KVTX)**

The contract vendor text table screen provides the user with the capability to record and maintain a vendor's text related to processing or performance of a specific contract commodity line. For example, this could be conditions for processing or handling of a specific commodity submitted by a vendor with the bid and accepted by purchasing as a valid condition of award.

Contract Vendor**Distributor****List (KVDL)**

The contract vendor distributor list table screen provides the user the capability to maintain and inquire a list of vendors who have been authorized by the prime vendor of a contract to sell commodity item(s) on the prime vendor's contract. This screen will also display the geographical area(s) the distributor services.